2018 Annual General Meeting
CEO’s Presentation
23 November 2018
Emerging world leader in tactical UAV propulsion systems and flight critical components
Global UAV defence outlook

- Proposed spending of $7 billion for unmanned aircraft systems and associated technologies by the U.S. military in FY19
  FY2019 U.S. DoD budget

- An estimated production of **2,530 drones in 2026** worth $4.4 billion

Teal Group

- "Autonomous systems will continue to increase in prevalence for military applications and Australia is a leader in developing unmanned systems."

Minister for Defence Christopher Pyne

- Australia to spend nearly $7 billion buying unmanned military planes from America

SMH

- Australian Navy commissions first unmanned aircraft squadron

ABC

Teal Group Predicts Worldwide Military UAV Production of $80 Billion Over the Next Decade

Year in review

2018

Revenue
A$21 million

Net profit after tax
A$2.2 million

EPS
2.87 cents

Divestment of REMSAFE for unconditional cash consideration of A$2.2 million

Successful delivery of all requested N20 propulsion systems to customer Insitu

Achieved FY18 revenue guidance of A$22 million

Established purpose built U.S. UAV facility

Expanded Long Term Agreement with potential value of A$350 million over five years, signed with Insitu

Launch of the revolutionary Orbital UAV Modular Propulsion Solution

Roll out concentrated Orbital UAV strategy

July 2017

June 2018

October 2018
## Where we compete

<table>
<thead>
<tr>
<th>UAV Type</th>
<th>Price per Aircraft</th>
<th>Payload</th>
<th>Length</th>
<th>Wingspan</th>
<th>Max Endurance</th>
<th>Max Altitude</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Combat UAV</strong></td>
<td>$55 million - $65 million*</td>
<td>up to 1,700 kg</td>
<td>up to 11 m</td>
<td>up to 20 m</td>
<td>27 hours</td>
<td>50,000 ft</td>
</tr>
<tr>
<td><strong>Tactical UAV</strong></td>
<td>$2.5 million - $4 million per system**</td>
<td>up to 5 kg</td>
<td>up to 2 m</td>
<td>up to 5 m</td>
<td>24 hours</td>
<td>20,000 ft</td>
</tr>
<tr>
<td><strong>Mini UAV</strong></td>
<td>~$180,000 per system***</td>
<td>up to 3.5 kg</td>
<td>up to 0.9 m</td>
<td>up to 1.5 m</td>
<td>60-90 minutes</td>
<td>500 ft</td>
</tr>
</tbody>
</table>

* Includes aircraft, sensors, ground control stations, and communications  
** Includes air vehicles or AVs, a ground control station, remote video terminal, launch system and recovery system  
*** Includes UAVs, ground control stations and spare parts

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**CURRENT FOCUS**

- Example: MQ-9 Reaper
- Example: ScanEagle3
- Example: The Raven
Market landscape

90% Market Share

Tactical UAV
$14.6Bn*

* UAS Market Outlook with Special Focus on Tactical Systems, Teal Group Corporation | For the years 2017-2026
Case study:
Insitu ScanEagle® propulsion system

ORBITAL UAV supplies the complete, fully assembled and mission-ready ScanEagle® propulsion system

- **FlexDI™** Revolutionary fuel delivery and engine management components
- **Proprietary Combustion System**
- **Compact Engine Package** High power-to-weight ratio
- **Electronic Control Unit** Light weight military specification
- **Ultra-light Weight Fuel & Oil Tank System**
- **Specialised Muffler** Minimises noise and temperature signatures
Evolution of the propulsion system

Existing propulsion system

Optimised for the Modular Propulsion Solution*

* Stylised for confidentiality reasons
Introducing the revolutionary Modular Propulsion Solution*
Strong existing relationships

**ORBITAL UAV** has existing relationships with the largest players in the tactical UAV market.

**INSITU**

- **Long Term Agreement (LTA)**
  - **2016 LTA**
    - 3 years
    - A$40-120M
    - 1 engine : 1 platform
  - **2018 LTA**
    - 5 years (from October 2018)
    - **A$120-350M**
    - 5 engines : entire fleet

**TEXTRON Systems**

Total sales to date ~A$18M
Expanded Insitu LTA

2017/18
LTA - 3 years
A$40-120M

2018/19
LTA - 5 years (from October 2018)
A$120-350M

*Due to design confidentiality.*
Global experience and expertise

**Heavy fuel 2 stroke IP and knowhow**

**Supplier relationships**

35 years of experience developing innovative engine solutions

10 years of experience as the global leader in spark ignited heavy fuel propulsion

**Tier one customer experience**

**Dual Australia and U.S. facilities**

Hood River, United States

Perth, Australia
Revenue guidance FY19
Closing remarks

• **UAV strategy**, focused on capturing tier one customers in the $14.6 billion tactical UAV market.

• **Mitigated revenue volatility** of one product / one platform business.

• Revolutionary **Modular Propulsion Solution** enables rapid deployment across multiple platforms.

• Demonstrable growth through significantly **expanded Long Term Agreement** with Insitu Inc.

• **Five engines in production** in 2019.

• FY19 **revenue guidance of A$24 million** reflecting H1 development of Modular Propulsion Solution.
# Board of Directors and Management

## Board of Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Welborn</td>
<td>Chairman</td>
</tr>
<tr>
<td>Todd Alder</td>
<td>Chief Executive Officer and Managing Director</td>
</tr>
<tr>
<td>Steve Gallagher</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Terry Stinson</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Kyle Abbott</td>
<td>Non-Executive Director</td>
</tr>
</tbody>
</table>

## Management

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<tr>
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<tbody>
<tr>
<td>Todd Alder</td>
<td>Chief Executive Officer &amp; Managing Director</td>
</tr>
<tr>
<td>Roulé Jones</td>
<td>Chief Financial Officer &amp; Company Secretary</td>
</tr>
<tr>
<td>Dr Geoff Cathcart</td>
<td>VP Chief Technical Officer</td>
</tr>
<tr>
<td>John Tubb</td>
<td>General Manager APD</td>
</tr>
<tr>
<td>Martin Johnston</td>
<td>General Manager Operations</td>
</tr>
<tr>
<td>Liezl Ulrich</td>
<td>Organisational Development Manager</td>
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